

2007
Annual Management Report of Fund Performance
and
Annual Financial Statements

Tradex Global Equity Fund

December 31, 2007

You may get a copy of the Fund's Simplified Prospectus, Annual Information Form, proxy voting policies and procedures, proxy voting disclosure record and quarterly portfolio disclosure at your request, and at no cost, by calling Tradex Management Inc. toll-free at **1-800-567-3863**, e-mailing us at **info@tradex.ca** or by writing or visiting us at the address shown below.

These documents and other information about the Fund are also available through our website at **www.tradex.ca** or through the SEDAR website at **www.sedar.com**.

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TRADEX GLOBAL EQUITY FUND STATEMENT OF MANAGEMENT'S RESPONSIBILITY

To our unitholders,

The accompanying Management Report of Fund Performance and Financial Statements have been prepared by Tradex Management Inc., the Manager and Trustee of **Tradex Global Equity Fund** and approved by the Manager's Board of Directors. The Fund's Manager is responsible for the information and representations contained in the Management Report of Fund Performance and Financial Statements. The Management Report of Fund Performance in the front section of this document is unaudited, whereas the Financial Statements appearing in the second section are audited.

Tradex Management Inc. maintains appropriate processes to ensure that relevant and reliable financial information is produced. The Financial Statements have been prepared in accordance with accounting principles generally accepted in Canada and include certain amounts that are based on estimates and judgements. The significant accounting policies that management believes are appropriate for the Fund are described in Note 2 to the Financial Statements.

PricewaterhouseCoopers LLP is the external auditor of the Fund, appointed by the Manager-Trustee of the Fund. They have audited the Financial Statements in accordance with Canadian generally accepted auditing standards to enable them to express to the unitholders their opinion on the financial statements.

R.C. White
President and Chief Executive Officer
Tradex Management Inc.

A.F. Campbell
Treasurer and Chief Financial Officer
Tradex Management Inc.

March 20, 2008



ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

for the year ended December 31, 2007

I. MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objectives and Strategies

The Fund's objective is to achieve long-term capital appreciation by investing primarily in closed-end funds whose investments are principally in a diversified portfolio of equity securities of issuers based in any country.

The Fund's investment approach involves deciding which of the world's stock markets, industry sectors and currencies have the best potential rate of return and allocating assets accordingly. Among the key economic and financial indicators studied by portfolio manager City of London Investment Management Company Limited (CLIM) are industrial production, short-term interest rates, consumer price indices, balance of payments data, gross domestic product data, commodity prices, and foreign exchange rates. The Fund's asset weighting by country (and industrial sector) can change rapidly and can also deviate substantially from the representative country weighting for the Fund's benchmark, the MSCI World Total Return Index.

Indirect investments in global stocks are made primarily through exchange traded closed-end fund companies managed by some of the world's leading investment firms. The discounts at which most closed-end funds trade form a meaningful element in the portfolio strategy. The Fund also invests in Index Participation Units (IPUs or iShares) that mirror the performance of a particular exchange index. Also, up to 25 percent of the book value of the portfolio may be invested in shares of non closed-end fund companies listed on a recognized stock exchange.

Diversifying the portfolio across global markets allows gains in one country to be balanced by losses in another, thereby reducing risk. The Americas, Europe and Asia are all represented in the portfolio, with emerging markets not accounting for more than 20 percent of total investments. Funds representing a single country cannot account for more than 35 percent of the portfolio, with the exception of the United States.

The investment portfolio of most closed-end funds represent a cross-section of companies based in a country, geographic region or industry sector further reducing risk through diversification.

Derivatives may be used for foreign currency hedging purposes only. Should market conditions temporarily deteriorate, up to 50 percent of the portfolio could be converted to cash.

Risk

All mutual funds involve some level of risk. Simply put, risk is the possibility you will lose money or not make money on your investment. As you consider an investment in a mutual fund, consider not just what you hope to gain on the upside, but also what you're prepared to risk on the downside. In this regard, the value of the units in Tradex Global Equity Fund is directly related to the market value of the Fund's investment portfolio.

Mutual funds that concentrate on foreign investments are affected by global economic factors and, in many cases, by the value of the

Canadian dollar as measured against foreign currencies. There is often less available information about foreign companies than their North American counterparts due to less stringent reporting standards, government supervision and regulation, and other disclosure requirements. This may make the price changes of investments in those companies increase or decrease more rapidly. Foreign stock markets may also be less liquid and more volatile, and may be subject to different economic, political or social factors that could negatively impact the value of a fund's investments. The Fund is allowed to use derivatives known as forward contracts for foreign currency hedging purposes. The intention of currency hedging is to reduce risk to investors. However, such hedging cannot eliminate fluctuations in the prices of securities in the portfolio, nor prevent losses if the prices of those securities decline.

The Fund is suitable for those with a long-term investment horizon, who are not concerned about the day-to-day fluctuations of their investment, and who wish to hold investments that are not dependent on the Canadian economy.

Results of Operations

The remarkable strength in the Canadian dollar during 2007 led to negative returns for most Canadian global equity funds in 2007, including Tradex Global Equity Fund. During the year the Canadian dollar gained 17.6% versus the U.S. dollar, 16.5% versus the British pound, 10.7% versus the Japanese yen and 6.6% versus the Euro. Over the same period most major markets recorded relatively modest gains in terms of local currencies, including the U.S. S&P 500 Index, up 3.5%; the London FTSE 100 Index, up 3.8%; and the Paris CAC 40 Index, up 1.3%. Two exceptions on the positive side were the German DAX Index, which was up 22.3% and the Hong Kong Hang Seng Index, which was up 39.3%. On the other hand, the Japanese Nikkei 225 Index was down 11.1% on the year. In this environment, the benchmark for Canadian global equity funds, the MSCI World Total Return Index, was down 7.1% in 2007 while Tradex Global Equity Fund was down 9.6%. However, over the past five years the annual compound return for the Fund has been 9% versus 6% for its benchmark.

During the first half of the year, portfolio manager City of London Investment Management Limited (CLIM) progressively decreased the Fund's U.S. market exposure, moving it down from approximately 50% at the start of the year to 33% at the end of the first quarter, and to 15% at the end of the second quarter. This move reflected CLIM's concern that the momentum in the U.S. market was not sustainable and, as a result, the market may be due for a "correction". In addition, reflecting CLIM's negative view on the U.S. dollar, a good portion of the U.S. dollar exposure was hedged into Canadian dollars during the early part of the year through the use of forward contracts. In the third quarter the Fund's U.S. market exposure was increased to 20% while by year-end it was increased to 29% on the view that valuations had improved following the decline in prices in that market.

The weighting to the Japanese market increased from 6% at the start of the year to 17% at the end of the first quarter and to approximately 25% at the end of the second quarter. It remained at about 25% during the third quarter before being reduced to 17% by

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE *(continued)*

year-end. The weak performance of the Japanese market (and its currency) was a major disappointment with respect to the Fund's relative performance as it was anticipated that this market would perform better given its underlying fundamentals and the tremendous economic boom in Asia.

The combined portfolio weighting to the U.K. and continental Europe was held essentially unchanged at 19% during the first quarter before being increased to 25% in the second quarter. During the balance of the year it remained within a few percentage points of 25%.

Exposure to both precious metals and emerging markets contributed positively to the Fund's performance. The portfolio weighting to precious metals varied from a high of approximately 15% during the first half of the year to a low of less than 5%. Emerging market exposure (excluding precious metals) was generally in the range of 5-10% of total portfolio weighting during the year. At year-end the combined weighting for these two areas was approximately 15% of the total portfolio value. The cash position stood at 8.6% at year-end, which was a defensive move to reduce volatility in the portfolio.

II. FINANCIAL HIGHLIGHTS

The following table shows selected key financial information about the Fund and is intended to help you understand the Fund's financial performance for the past five years.

The Fund's Net Assets per Unit (1) For the five years ended December 31

	2007	2006	2005	2004	2003
Net assets per unit, beginning of year	\$ 12.30	\$ 10.55	\$ 11.45	\$ 10.73	\$ 8.20
Increase (decrease) from operations:					
Total revenue	\$ 0.19	\$ 0.08	\$ 0.26	\$ 0.19	\$ (0.01)
Total expenses	\$ (0.26)	\$ (0.28)	\$ (0.28)	\$ (0.32)	\$ (0.27)
Realized gains (losses) for the year	\$ 0.12	\$ 0.20	\$ 1.51	\$ 1.41	\$ 1.32
Unrealized gains (losses) for the year	\$ (1.24)	\$ 1.89	\$ (1.72)	\$ (0.18)	\$ 1.49
Total increase (decrease) from operations (2)	\$ (1.19)	\$ 1.89	\$ (0.23)	\$ 1.10	\$ 2.53
Distributions to investors:					
From investment income	\$ —	\$ —	\$ 0.02	\$ —	\$ —
From capital gains	\$ —	\$ 0.12	\$ 0.70	\$ 0.55	\$ —
Total Annual Distributions (3)	\$ —	\$ 0.12	\$ 0.72	\$ 0.55	\$ —
Net assets per unit, end of year	\$ 11.14	\$ 12.37	\$ 10.55	\$ 11.45	\$ 10.73

(1) This information is derived from the Fund's audited annual financial statements. Starting in 2007, net assets per unit represented in the audited financial statements differ from net asset value per unit calculated for fund pricing purposes. This reflects the Fund's new accounting policies adopted in accordance with changes in Canadian generally accepted accounting principles (GAAP) introduced by the Canadian Institute of Chartered Accountants. The net asset value per unit for pricing purposes (as opposed to the GAAP net assets per unit) was \$12.37 at the beginning of 2007 and \$11.18 as at December 31, 2007. A further explanation of this difference can be found in the Notes to the audited financial statements on pages 11 and 12.

(2) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the year.

(3) Distributions were paid in cash/reinvested in additional units of the Fund, or both.

Ratios and Supplemental Data	2007	2006	2005	2004	2003
Total net asset value, end of year (000's)	\$ 9,296	\$ 9,511	\$ 7,985	\$ 7,319	\$ 5,459
Weighted average net asset value (000's)	\$ 9,858	\$ 8,472	\$ 8,091	\$ 6,796	\$ 4,185
Number of units outstanding, end of year (000's)	831	769	757	639	509
Management expense ratio (1)	2.18%	2.54%	2.42%	2.71%	3.16%
Management expense ratio before waivers or absorptions (1)	2.52%	2.85%	2.71%	2.96%	3.16%
Trading expense ratio (2)	1.05%	0.87%	0.86%	0.68%	1.31%
Portfolio turnover rate (3)	204.62%	192.82%	164.74%	141.50%	323.41%
Net asset value per unit, end of year	\$ 11.18	\$ 12.37	\$ 10.55	\$ 11.45	\$ 10.73

(1) Management expense ratio is based on total expenses (excluding broker commission and other portfolio transaction costs) for the year and is expressed as an annualized percentage of daily average net asset value during the year.

(2) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the year.

(3) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and performance of a fund.

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE (continued)

The Fund's Management Expense Ratio (MER) decreased to 2.18% in 2007 from 2.54% in 2006. This is considerably below the average MER for Canadian global equity funds. The Fund did not declare a capital gains distribution in 2007 (versus a \$0.12 per unit distribution in 2006). At year-end, the net asset value of the Fund stood at \$9.3 million versus \$9.5 million at the end of 2006. There was an 8% increase in the number of units outstanding over the year.

Management Fees

As the Manager, Tradex Management Inc. is responsible for directing the business, operations and affairs of the Fund. It performs this duty for an annual fee of 0.6% of the Fund's net asset value, calculated and accruing daily. This amounted to \$63,033 in 2007 (including GST) and represents slightly more than 25% of the total expenses paid by the Fund. Many of the functions involved in operating the Fund are contracted out to leading professional firms in the mutual fund industry in Canada. Therefore, one of the key duties of the Manager is to negotiate and manage these contracts. Tradex Management Inc. is also the principal distributor of the Fund and, as such, is responsible for most of the communications with the Fund's unitholders and potential unitholders. Tradex Management Inc. receives no additional fees or commissions for being the Fund's principal

distributor and pays a trailer fee of 0.3% from its management fee to other mutual fund dealers who distribute the Fund.

Since Tradex Management Inc. operates on an "at cost" basis for the benefit of its investors, when financial conditions permit, it voluntarily rebates and/or waives a portion of the management fees paid to it by the Fund. These rebates/waivers reduce the expenses for the Fund, which in turn, reduce its management expense ratio. In 2007, \$33,920 in expenses were reduced for the Fund through such transactions.

Other Expenses

The other expenses incurred by the Fund amounted to \$185,317 and were paid to third party suppliers and regulatory authorities. These represent investment advisory fees (paid to City of London Investment Management Company Limited), administrative fees paid for fund accounting, the registrar function and other related activities (paid to Citigroup Fund Services Canada Inc., FundSERV Inc., The Canada Trust Company and various others suppliers), audit fees (paid to PricewaterhouseCoopers LLP), custodian fees (paid to CIBC Mellon Global Securities Services Company) and registration fees and expenses paid to the 13 securities regulatory authorities in Canada. A listing of the various expenses paid by the Fund appears in the audited Statement of Operations on page 8.

III. PAST PERFORMANCE

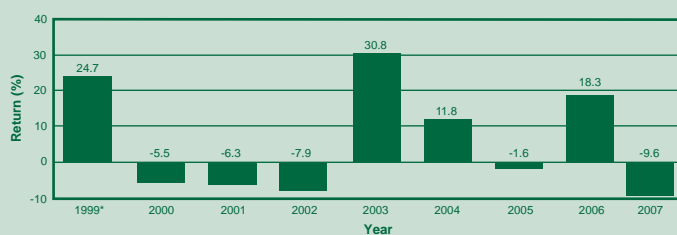
The past performance of the Fund is set out in the Year-by-Year Returns and Annual Compound Returns chart and table. All performance returns:

- are calculated as of December 31 of each year;
- assume all distributions made by the Fund were reinvested without charge to purchase additional units of the Fund; and
- are not reduced by any income taxes payable by you. You will be taxable on the distributions of net income even if you have reinvested them to purchase additional units, unless your investment is held in a registered tax plan.

The past performance of the Fund does not necessarily indicate how it will perform in the future.

Year-by-Year Returns

This bar chart shows the Fund's annual performance since inception. The chart shows in percentage terms how an investment made on January 1 would have increased or decreased by December 31 for each year, and how the performance varied from year to year.



* From start up May 7, 1999 to December 31, 1999

Annual Compound Returns

The following table shows the Fund's annual compound total return for the period indicated, as of December 31, 2007, compared to the Morgan Stanley Capital International World Total Return Index.

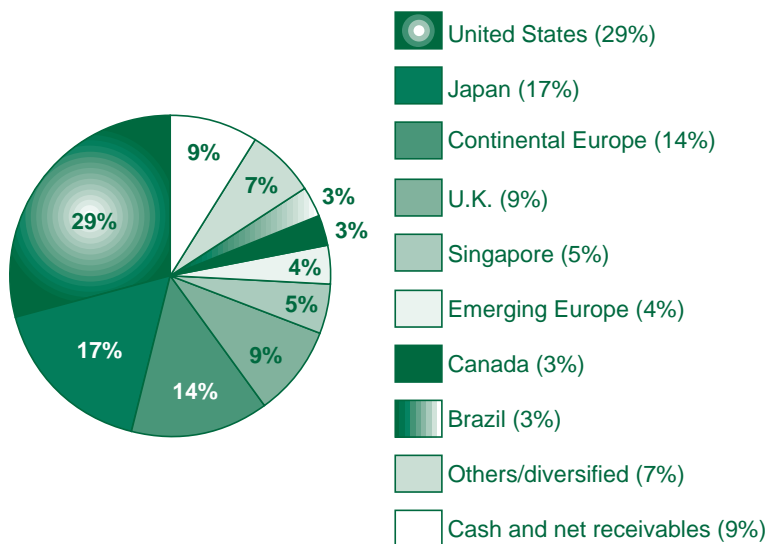
	Since inception	Past 5 years	Past 3 years	Past year
Tradex Global Equity Fund	5.3%	9.0%	1.7%	-9.6%
MSCI World Total Return Index	0.3%	6.0%	6.1%	-7.1%

The MSCI World Total Return Index is a market capitalization index that is designed to measure global developed market equity performance. The Index consists of over 20 developed market country indices encompassing approximately 1,600 companies.

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE *(continued)*

IV. SUMMARY OF INVESTMENT PORTFOLIO

A summary of the investment portfolio as at December 31, 2007 broken down by the geographic location of the exposure of the companies in the portfolio is as follows. (This represents portfolio manager City of London Investment Management's estimate of the underlying country exposure associated with the various assets held by the Fund.)



The following investments represent the holdings of the Fund as of December 31, 2007 shown as a percentage of the Fund's total net asset value. The list is of interest only as of the date indicated, as the percentages may have changed, and some or all of the holdings may have been sold and new positions purchased. A quarterly update is available as discussed on the cover page of this document.

Monks Investment Trust PLC	9.8%	Dundee Precious Metals Inc.	2.9%
JPMorgan Euro Fledgeling Investment Trust PLC	9.0%	S&P 500 GEARED Fund Inc.	2.1%
iShares Dow Jones US Regional Banks Index Fund	8.4%	Central Securities Corporation	2.1%
JPMorgan Japanese Investment Trust PLC	8.3%	Scottish Mortgage Investment Trust PLC	1.9%
Nasdaq-100 Index Tracking Stock	7.9%	Liberty All-Star Equity Fund	1.6%
Schroder Japan Growth Fund PLC	7.6%	Eaton Vance Tax-Advantaged Dividend Income Fund	1.1%
Edinburgh Worldwide Investment Trust PLC	7.0%	Templeton Emerging Markets Investment Trust PLC	1.0%
Canadian World Fund Limited	6.2%	The Israel Fund PLC	0.1%
Alliance Trust PLC	5.6%	The East German Investment Trust PLC	0.1%
Singapore Fund Inc.	5.1%	Cash and net receivables	8.6%
Eurovestech PLC	3.6%	Total	100.0%

AUDITORS' REPORT TO THE UNITHOLDERS



March 20, 2008

To the Unitholders of Tradex Global Equity Fund

We have audited the statement of investment portfolio of Tradex Global Equity Fund as at December 31, 2007, the statements of net assets as at December 31, 2007 and 2006 and the statements of operations and changes in net assets for the years then ended. These financial statements are the responsibility of the Fund's Manager. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of Tradex Global Equity Fund as at December 31, 2007 and 2006 and the results of its operations and the changes in its net assets for the years then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants, Licensed Public Accountants
Ottawa, Ontario

STATEMENTS OF NET ASSETS *December 31*

	2007	2006
Assets		
Investments, at fair value * <i>(Note 2)</i>	\$ 8,497,881	\$ 9,475,570
Cash and short-term investments	93,470	310,433
Dividends receivable	72,004	9,470
Receivable for investments sold	2,352,298	—
Subscriptions receivable	4,575	4,526
	11,020,228	9,799,999
Liabilities		
Accounts payable and accrued liabilities	54,902	49,972
Payable for investments purchased	1,705,356	238,472
Redemptions payable	1,062	946
	1,761,320	289,390
Net assets, representing unitholders' equity	\$ 9,258,908	\$ 9,510,609
Units issued and outstanding, end of year <i>(Note 5)</i>	831,108	769,155
Net assets per unit <i>(Note 2)</i>	\$ 11.14	\$ 12.37
	\$ 9,040,507	\$ 8,991,542

The accompanying notes are an integral part of these financial statements.

Approved by the Board
of Directors of
Tradex Management Inc.,
Trustee for Tradex Global Equity Fund



Andrew Campbell
Director



Karin Zabel
Director

STATEMENTS OF OPERATIONS *Year ended December 31*

	2007	2006
Investment Income		
Revenue		
Dividends	\$ 167,721	\$ 83,248
Less foreign withholding taxes	(18,558)	(452)
	149,163	82,796
Interest	7,684	3,305
Foreign exchange loss	(2,802)	(21,894)
	154,045	64,207
Expenses <i>(Note 4)</i>		
Management fees	63,033	53,733
Investment advisory fees	108,998	91,037
Administration costs	35,859	52,123
Independent Review Committee	18	—
Audit fees	14,001	8,935
Custodian fees	11,940	21,021
Registration fees and expenses	14,501	14,284
Expense reductions <i>(Note 4)</i>	(33,920)	(26,170)
	214,430	214,963
Net investment income (loss)	(60,385)	(150,756)
Realized and unrealized gain (loss) on investments and transaction costs		
Net realized gain on sale of investments	199,485	153,599
Change in unrealized appreciation (depreciation) on investments	(1,009,531)	1,440,683
Transaction costs <i>(Note 2)</i>	(103,862)	—
Net gain (loss) on investments	(913,908)	1,594,282
Increase (decrease) in net assets from operations	\$ (974,293)	\$ 1,443,526
Increase (decrease) per unit in net assets from operations <i>(Note 2)</i>	\$ (1.19)	\$ 1.89

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF CHANGES IN NET ASSETS *Year ended December 31*

	2007	2006
Net assets, beginning of year	\$ 9,510,609	\$ 7,985,224
Change in accounting policy <i>(Note 2)</i>	(50,116)	—
	9,460,493	7,985,224
Add (deduct)		
Operations		
Net increase (decrease) in net assets from operations	(974,293)	1,443,526
Distributions		
Distributions to unitholders from realized profit on sale of investments	—	(88,053)
Units		
Proceeds from issue of units	1,576,664	1,244,914
Reinvestment of distributions	—	87,513
Consideration paid for redemptions of units	(803,956)	(1,162,515)
	772,708	169,912
Net assets, end of year	\$ 9,258,908	\$ 9,510,609

The accompanying notes are an integral part of these financial statements.

STATEMENT OF INVESTMENT PORTFOLIO *December 31, 2007*

Foreign Equities	Number of shares	Average cost	Fair value	% of total fair value
United States				
iShares Dow Jones US Regional Banks Index Fund	21,235	\$ 791,507	\$ 782,553	
Nasdaq-100 Index Tracking Stock	14,535	722,387	736,475	
S&P 500 GEARED Fund Inc.	11,243	198,535	191,262	
Central Securities Corporation	7,202	183,037	190,900	
Liberty All-Star Equity Fund	21,500	147,468	149,278	
Eaton Vance Tax-Advantaged Dividend Income Fund	3,863	107,253	106,101	
		2,150,187	2,156,569	25.4
Europe				
JPMorgan Euro Fledgeling Investment Trust PLC	59,185	984,475	829,806	
Eurovestech PLC	876,190	325,277	337,395	
The East German Investment Trust PLC	63,000	61,882	946	
		1,371,634	1,168,147	13.8
Asia				
JPMorgan Japanese Investment Trust PLC	208,000	1,166,475	768,089	
Schroder Japan Growth Fund PLC	405,100	935,901	703,965	
Singapore Fund Inc.	27,150	511,671	476,905	
		2,614,047	1,948,959	22.9
Globally Diversified/Other				
Monks Investment Trust PLC	133,665	774,970	913,932	
Edinburgh Worldwide Investment Trust PLC	123,405	658,233	648,217	
Canadian World Fund Limited	96,977	431,906	579,922	
Alliance Trust PLC	73,350	537,524	523,256	
Dundee Precious Metals Inc.	38,195	294,493	273,476	
Scottish Mortgage Investment Trust PLC	13,618	147,614	180,713	
Templeton Emerging Markets Investment Trust PLC	10,000	89,464	90,887	
The Israel Fund PLC	99,686	4,358	13,803	
		2,938,562	3,224,206	37.9
Total equities		9,074,430	8,497,881	100.0
Transaction costs		(33,923)	—	
Total portfolio of investments		\$ 9,040,507	\$ 8,497,881	100.0

The accompanying notes are an integral part of these financial statements.

1. *Background*

Tradex Global Equity Fund (“the Fund”) is an unincorporated trust formed under the laws of the Province of Ontario. Tradex Management Inc. is the Manager and the Trustee of Tradex Global Equity Fund.

2. *Summary of significant accounting policies*

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”).

Investments

The Canadian Institute of Chartered Accountants’ (CICA) Handbook Section 3855, Financial Instruments- Recognition and Measurement, which applies to fiscal years beginning on or after October 1, 2006, requires that the fair value of financial instruments, which are actively traded, be measured based on the bid price for the security. Prior to that, fair value for Canadian generally accepted accounting principles (GAAP) was based on the last traded price for the day, when available. For financial reporting purposes, starting from January 1, 2007, the Fund adopted the amended valuation policy for actively traded securities held by the Fund on a retroactive basis without restatement of prior periods. Accordingly, the opening net assets in the Statement of Changes in Net Assets for the year ended December 31, 2007 has been adjusted.

National Instrument 81-106 (“NI 81-106”), Investment Fund Continuous Disclosure, requires the daily net asset value of an investment fund to be calculated in accordance with GAAP. Notwithstanding the prescribed implementation date of Section 3855, the Canadian Securities Administrators granted interim relief to investment funds from complying with Section 3855 when calculating the daily net asset value for the purpose of processing shareholder transactions (“Net Asset Value”). The relief was granted to permit further review of the impact of Section 3855 and is effective until the earlier of September 30, 2008 or the date on which proposed amendments to NI 81-106 come into effect. The net asset value calculated in accordance with Section 3855 is referred to as “Net Assets” from hereon forward. In accordance with the decisions made by the Canadian Securities Administrators, a reconciliation between the Fund’s net assets for financial reporting (“GAAP Net Assets”) and the Fund’s net asset value for purposes other than financial reporting (“Transactional Net Asset Value”) is required. This reconciliation appears in Note 6.

Beginning in 2007, investments of the Fund that are traded in an active market are valued at the closing bid price (“fair value”) by independent securities pricing services. The value of any investment to which the foregoing principle cannot be applied shall be the fair value thereof determined in such a manner as the Manager from time to time provides.

The difference between the fair value of investments and the cost of the investments is included in unrealized appreciation (depreciation) on investments in the Statement of Operations.

Forward foreign exchange contracts

The Fund enters into forward foreign exchange contracts for hedging purposes only. These contracts are limited to the market value of foreign securities owned by the Fund and quoted in that currency or where the underlying exposure is to that currency. Contracts do not exceed three years duration. On a daily basis, the value of these contracts is the gain or loss that would be realized if the positions were to be closed out. This is recorded in “Unrealized gain (loss) on investments”. Upon closing of the contracts, the accumulated gains or losses are reported in “Net realized gain (loss) on investments”.

Foreign exchange

Portfolio securities and other assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rates prevailing on each valuation day. Purchases and sales of investments, income and expenses are translated into Canadian dollars at the exchange rates prevailing on the respective dates of such transactions.

Realized and unrealized foreign exchange gains (losses) on investments are included in “realized gain (loss) on sale of investments” and “unrealized gain (loss) on investments”, respectively in the Statement of Operations.

Realized and unrealized foreign exchange gains (losses) on assets, liabilities, and investment income are included in “Foreign exchange gain (loss)” in the Statement of Operations.

Accounting estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of income and expenses during the reporting periods. Actual results could differ from these estimates and the differences may be material.

Investment transactions, investment income, expenses and distributions

Investment transactions are recorded on the trade date. Realized gains or losses on security transactions are determined on an average cost basis. Interest income and estimated expenses are accrued daily. Dividend income and distributions to unit holders are recorded on the ex-dividend date.

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are recognized in the Statement of Operations for the current period. Prior to January 1, 2007 the Fund’s policy had been to add these expenses to the cost of the securities purchased or deducted from the proceeds of sale. For the period beginning January 1, 2007, the Fund adopted Section 3855 on a retrospective basis without retroactive restatement of prior periods. The transitional adjustment for prior periods

has been charged against the current period's realized gains and losses from the sale of investments with a corresponding direct offset to unrealized appreciation/ (depreciation) in value of investments. Adoption of this policy does not impact the daily price of the Fund's securities for subscription and redemption purposes, nor for the calculation of Net Assets.

Net assets per unit

"Net assets per unit" is based on the total net assets divided by the number of units outstanding as at the end of the year. The "increase (decrease) per unit in net assets from operations" is based on the increase (decrease) in net assets from operations for the year divided by the weighted average number of units outstanding over the year.

3. Taxes

Goods and services tax (GST) is included in the expense items charged to the Fund.

The Fund qualifies as a mutual fund trust under the Income Tax Act (Canada) and distributes all of its net taxable income with the intent to not be subject to income tax.

As at December 31, 2007, the Fund had \$71,412 of non-capital losses all expiring in 2027 and \$335,812 in capital losses carried forward for income tax purposes. Capital losses may be carried forward indefinitely to be applied against future capital gains.

4. Management expenses

The Fund retains investment advisory, custodial, professional, management and administrative services. The fees are charged directly to the Fund, as are registration fees and expenses. Tradex Management Inc. performs the management services for an annual fee of 0.6% of the Fund's net asset value calculated and accruing daily.

Tradex Management Inc. may from time to time voluntarily waive a portion of its management fees and/or absorb all or a portion of the other expenses of the Fund and/or rebate to the Fund a portion of the fees paid to it by the Fund. This reduces the expenses for the Fund, which in turn reduces its management expense ratio. In 2007, \$33,920 in expenses were reduced for the Fund through such transactions (\$26,170 in 2006).

5. Units capitalization

The Fund's capitalization consists of an unlimited number of units without nominal or par value that are redeemable on demand at their net asset value. The changes in the number of units during the last two years ending December 31, were as follows:

	2007	2006
Outstanding, beginning of year	769,155	756,676
Issued	128,646	117,507
Redeemed	(66,693)	(105,028)
Outstanding, end of year	831,108	769,155

6. Reconciliation of Transactional Net Asset Value to GAAP Net Assets

Asset values as at December 31, 2007 were as follows:

	Transactional Net Asset Value	Section 3855 Adjustment	GAAP Net Assets
Total Amount (\$)	9,295,569	36,661	9,258,908
Per Unit (\$)	11.18	0.04	11.14

7. Brokerage fees

Total fees paid to brokers in connection with portfolio transactions during the last two years were as follows:

2007	\$ 103,862
2006	\$ 73,730

8. Recent accounting pronouncements

In October 2006, the Accounting Standards Board issued CICA Handbook Section 3862, "Financial Instruments – Disclosure" and Section 3863, "Financial Instruments – Presentation". The new standards enhance existing disclosure and presentation of financial instruments. The existing requirements related to presentation of financial instruments have been carried forward unchanged. The new standards are effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007.

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